
SUBSTITUTE SENATE BILL 5805

State of Washington 60th Legislature 2007 Regular Session

By Senate Committee on Agriculture & Rural Economic Development
(originally sponsored by Senators Hatfield, Zarelli, Rasmussen,
Swecker, Shin and Hargrove)

READ FIRST TIME 02/27/07.

1 AN ACT Relating to the sales and use taxation of grain elevators;
2 amending RCW 82.08.820, 82.08.820, 82.08.820, 82.12.820, 82.12.820, and
3 82.12.820; providing effective dates; providing expiration dates; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.08.820 and 2006 c 354 s 10 are each amended to read
7 as follows:

8 (1) Wholesalers or third-party warehouseers who own or operate
9 warehouses ((~~or~~)), grain elevators, or grain exporting facilities, and
10 retailers who own or operate distribution centers, and who have paid
11 the tax levied by RCW 82.08.020 on:

12 (a) Material-handling and racking equipment, grain exporting
13 facility equipment, and labor and services rendered in respect to
14 installing, repairing, cleaning, altering, or improving the equipment;
15 or

16 (b) Construction of a warehouse ((~~or~~)), grain elevator, or grain
17 exporting facility, including materials, and including service and
18 labor costs,

1 are eligible for an exemption in the form of a remittance. The amount
2 of the remittance is computed under subsection (3) of this section and
3 is based on the state share of sales tax.

4 (2) For purposes of this section and RCW 82.12.820:

5 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

6 (b) "Construction" means the actual construction of a warehouse
7 ~~((or)),~~ grain elevator, or grain exporting facility that did not exist
8 before the construction began. "Construction" includes expansion if
9 the expansion adds at least two hundred thousand square feet of
10 additional space to an existing warehouse or additional storage
11 capacity of at least one million bushels to an existing grain elevator
12 or grain exporting facility. "Construction" does not include
13 renovation, remodeling, or repair;

14 (c) "Department" means the department of revenue;

15 (d) "Distribution center" means a warehouse that is used
16 exclusively by a retailer solely for the storage and distribution of
17 finished goods to retail outlets of the retailer. "Distribution
18 center" does not include a warehouse at which retail sales occur;

19 (e) "Finished goods" means tangible personal property intended for
20 sale by a retailer or wholesaler. "Finished goods" does not include
21 agricultural products stored by wholesalers, third-party warehouses, or
22 retailers if the storage takes place on the land of the person who
23 produced the agricultural product. "Finished goods" does not include
24 logs, minerals, petroleum, gas, or other extracted products stored as
25 raw materials or in bulk;

26 (f) "Grain elevator" means a structure used for storage and
27 handling of grain in bulk;

28 (g) "Grain exporting facility" means one or more contiguous parcels
29 of real property with one or more grain exporting facility structures
30 constructed after January 1, 2007, with a total bushel capacity in
31 excess of three million;

32 (h) "Grain exporting facility equipment" means equipment primarily
33 used to handle, store, organize, or convey grain, oil seeds, and
34 byproducts thereof in bulk to, from, or within grain exporting facility
35 structures and includes but is not limited to: Conveyers, samplers,
36 air compressors, quality analyzing equipment, barge legs, cranes,
37 hoists, mechanical arms, and robots, mechanized systems, automated
38 handling, storage, and conveyer systems, including computers, software,

1 and other hardware that control them, forklifts and other off-the-road
2 vehicles that are used to lift or move tangible personal property and
3 that cannot be operated legally on roads and streets, worker and
4 environmental safety equipment, conditioning equipment used to maintain
5 quality, and other equipment used to receive, convey, or discharge
6 grain, oil seeds, and byproducts thereof via means of waterborne, rail,
7 highway, or intermodal transport. The term includes tangible personal
8 property with a useful life of one year or more that becomes an
9 ingredient or component of the equipment, including repair and
10 replacement parts. The term does not include equipment in offices,
11 lunchrooms, restrooms, and other like space or equipment used for
12 nongrain exporting facility equipment purposes;

13 (i) "Grain exporting facility structure" means storage silos,
14 tanks, conveyers, scale towers, bins, electrical improvements, scales,
15 foundations and supports, off-load pits, rails and railbeds, and other
16 buildings primarily used to handle, store, organize, or convey grain,
17 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
18 restrooms, maintenance buildings, and other space necessary for the
19 operation of the grain exporting facility are considered part of the
20 grain exporting facility structures as are loading docks and other such
21 space or structures attached or adjacent to the conveyers and used for
22 handling of grain, oil seeds, and byproducts thereof. A structure may
23 have more than one storage area. Landscaping and parking lots are not
24 considered part of the grain exporting facility structure. A storage
25 yard is not a grain exporting facility structure, nor is a structure in
26 which manufacturing takes place;

27 (j) "Material-handling equipment and racking equipment" means
28 equipment in a warehouse or grain elevator that is primarily used to
29 handle, store, organize, convey, package, or repackage finished goods.
30 The term includes tangible personal property with a useful life of one
31 year or more that becomes an ingredient or component of the equipment,
32 including repair and replacement parts. The term does not include
33 equipment in offices, lunchrooms, restrooms, and other like space,
34 within a warehouse or grain elevator, or equipment used for
35 nonwarehousing purposes. "Material-handling equipment" includes but is
36 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
37 place units, cranes, hoists, mechanical arms, and robots; mechanized
38 systems, including containers that are an integral part of the system,

1 whose purpose is to lift or move tangible personal property; and
2 automated handling, storage, and retrieval systems, including computers
3 that control them, whose purpose is to lift or move tangible personal
4 property; and forklifts and other off-the-road vehicles that are used
5 to lift or move tangible personal property and that cannot be operated
6 legally on roads and streets. "Racking equipment" includes, but is not
7 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
8 pallets, and other containers and storage devices that form a necessary
9 part of the storage system;

10 ~~((h))~~ (k) "Person" has the meaning given in RCW 82.04.030;

11 ~~((i))~~ (l) "Retailer" means a person who makes "sales at retail"
12 as defined in chapter 82.04 RCW of tangible personal property;

13 ~~((j))~~ (m) "Square footage" means the product of the two
14 horizontal dimensions of each floor of a specific warehouse. The
15 entire footprint of the warehouse shall be measured in calculating the
16 square footage, including space that juts out from the building profile
17 such as loading docks. "Square footage" does not mean the aggregate of
18 the square footage of more than one warehouse at a location or the
19 aggregate of the square footage of warehouses at more than one
20 location;

21 ~~((k))~~ (n) "Third-party warehouse" means a person taxable under
22 RCW 82.04.280(4);

23 ~~((l))~~ (o) "Warehouse" means an enclosed building or structure in
24 which finished goods are stored. A warehouse building or structure may
25 have more than one storage room and more than one floor. Office space,
26 lunchrooms, restrooms, and other space within the warehouse and
27 necessary for the operation of the warehouse are considered part of the
28 warehouse as are loading docks and other such space attached to the
29 building and used for handling of finished goods. Landscaping and
30 parking lots are not considered part of the warehouse. A storage yard
31 is not a warehouse, nor is a building in which manufacturing takes
32 place; and

33 ~~((m))~~ (p) "Wholesaler" means a person who makes "sales at
34 wholesale" as defined in chapter 82.04 RCW of tangible personal
35 property, but "wholesaler" does not include a person who makes sales
36 exempt under RCW 82.04.330.

37 (3)(a) A person claiming an exemption from state tax in the form of
38 a remittance under this section must pay the tax imposed by RCW

1 82.08.020. The buyer may then apply to the department for remittance
2 of all or part of the tax paid under RCW 82.08.020. For grain
3 elevators with bushel capacity of one million but less than two
4 million, the remittance is equal to fifty percent of the amount of tax
5 paid. For warehouses with square footage of two hundred thousand or
6 more and for grain elevators with bushel capacity of two million or
7 more, the remittance is equal to one hundred percent of the amount of
8 tax paid for qualifying construction, materials, service, and labor,
9 and fifty percent of the amount of tax paid for qualifying material-
10 handling equipment and racking equipment, and labor and services
11 rendered in respect to installing, repairing, cleaning, altering, or
12 improving the equipment. For grain exporting facilities with bushel
13 capacity in excess of three million, the remittance is equal to one
14 hundred percent of the amount of tax paid on grain exporting facility
15 equipment and grain exporting facility structures.

16 (b) The department shall determine eligibility under this section
17 based on information provided by the buyer and through audit and other
18 administrative records. The buyer shall on a quarterly basis submit an
19 information sheet, in a form and manner as required by the department
20 by rule, specifying the amount of exempted tax claimed and the
21 qualifying purchases or acquisitions for which the exemption is
22 claimed. The buyer shall retain, in adequate detail to enable the
23 department to determine whether the equipment or construction meets the
24 criteria under this section: Invoices; proof of tax paid; documents
25 describing the material-handling equipment and racking equipment and
26 grain exporting facility equipment; location and size of warehouses
27 ~~((and))~~, grain elevators, and grain exporting facilities; and
28 construction invoices and documents.

29 (c) The department shall on a quarterly basis remit exempted
30 amounts to qualifying persons who submitted applications during the
31 previous quarter.

32 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
33 facilities, material-handling equipment and racking equipment, and
34 grain exporting facility equipment for which an exemption, credit, or
35 deferral has been or is being received under chapter 82.60, 82.62, or
36 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
37 remittance under this section. ~~((Warehouses and grain elevators upon~~

1 ~~which construction was initiated before May 20, 1997, are not eligible~~
2 ~~for a remittance under this section.~~)

3 (5) The lessor or owner of a warehouse ((~~or~~)), grain elevator, or
4 grain exporting facility is not eligible for a remittance under this
5 section unless the underlying ownership of the warehouse ((~~or~~)), grain
6 elevator, or grain exporting facility, and the material-handling
7 equipment and racking equipment and grain exporting facility equipment
8 vests exclusively in the same person, or unless the lessor by written
9 contract agrees to pass the economic benefit of the remittance to the
10 lessee in the form of reduced rent payments.

11 **Sec. 2.** RCW 82.08.820 and 2006 c 354 s 11 are each amended to read
12 as follows:

13 (1) Wholesalers or third-party warehouse owners who own or operate
14 warehouses ((~~or~~)), grain elevators, or grain exporting facilities and
15 retailers who own or operate distribution centers, and who have paid
16 the tax levied by RCW 82.08.020 on:

17 (a) Material-handling and racking equipment, grain exporting
18 facility equipment, and labor and services rendered in respect to
19 installing, repairing, cleaning, altering, or improving the equipment;
20 or

21 (b) Construction of a warehouse ((~~or~~)), grain elevator, or grain
22 exporting facility, including materials, and including service and
23 labor costs,
24 are eligible for an exemption in the form of a remittance. The amount
25 of the remittance is computed under subsection (3) of this section and
26 is based on the state share of sales tax.

27 (2) For purposes of this section and RCW 82.12.820:

28 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

29 (b) "Cold storage warehouse" has the meaning provided in RCW
30 82.74.010;

31 (c) "Construction" means the actual construction of a warehouse
32 ((~~or~~)), grain elevator, or grain exporting facility that did not exist
33 before the construction began. "Construction" includes expansion if
34 the expansion adds at least twenty-five thousand square feet of
35 additional space to an existing cold storage warehouse, at least two
36 hundred thousand square feet of additional space to an existing
37 warehouse other than a cold storage warehouse, or additional storage

1 capacity of at least one million bushels to an existing grain elevator
2 or grain exporting facility. "Construction" does not include
3 renovation, remodeling, or repair;

4 (d) "Department" means the department of revenue;

5 (e) "Distribution center" means a warehouse that is used
6 exclusively by a retailer solely for the storage and distribution of
7 finished goods to retail outlets of the retailer. "Distribution
8 center" does not include a warehouse at which retail sales occur;

9 (f) "Finished goods" means tangible personal property intended for
10 sale by a retailer or wholesaler. "Finished goods" does not include
11 agricultural products stored by wholesalers, third-party warehouses, or
12 retailers if the storage takes place on the land of the person who
13 produced the agricultural product. "Finished goods" does not include
14 logs, minerals, petroleum, gas, or other extracted products stored as
15 raw materials or in bulk;

16 (g) "Grain elevator" means a structure used for storage and
17 handling of grain in bulk;

18 (h) "Grain exporting facility" means one or more contiguous parcels
19 of real property with one or more grain exporting facility structures
20 constructed after January 1, 2007, with a total bushel capacity in
21 excess of three million;

22 (i) "Grain exporting facility equipment" means equipment primarily
23 used to handle, store, organize, or convey grain, oil seeds, and
24 byproducts thereof in bulk to, from, or within grain exporting facility
25 structures and includes but is not limited to: Conveyers, samplers,
26 air compressors, quality analyzing equipment, barge legs, cranes,
27 hoists, mechanical arms, and robots, mechanized systems, automated
28 handling, storage, and conveyer systems, including computers, software,
29 and other hardware that control them, forklifts and other off-the-road
30 vehicles that are used to lift or move tangible personal property and
31 that cannot be operated legally on roads and streets, worker and
32 environmental safety equipment, conditioning equipment used to maintain
33 quality, and other equipment used to receive, convey, or discharge
34 grain, oil seeds, and byproducts thereof via means of waterborne, rail,
35 highway, or intermodal transport. The term includes tangible personal
36 property with a useful life of one year or more that becomes an
37 ingredient or component of the equipment, including repair and

1 replacement parts. The term does not include equipment in offices,
2 lunchrooms, restrooms, and other like space or equipment used for
3 nongrain exporting facility equipment purposes;

4 (j) "Grain exporting facility structure" means storage silos,
5 tanks, conveyers, scale towers, bins, electrical improvements, scales,
6 foundations and supports, off-load pits, rails and railbeds, and other
7 buildings primarily used to handle, store, organize, or convey grain,
8 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
9 restrooms, maintenance buildings, and other space necessary for the
10 operation of the grain exporting facility are considered part of the
11 grain exporting facility structures as are loading docks and other such
12 space or structures attached or adjacent to the conveyers and used for
13 handling of grain, oil seeds, and byproducts thereof. A structure may
14 have more than one storage area. Landscaping and parking lots are not
15 considered part of the grain exporting facility structure. A storage
16 yard is not a grain exporting facility structure, nor is a structure in
17 which manufacturing takes place;

18 (k) "Material-handling equipment and racking equipment" means
19 equipment in a warehouse or grain elevator that is primarily used to
20 handle, store, organize, convey, package, or repackage finished goods.
21 The term includes tangible personal property with a useful life of one
22 year or more that becomes an ingredient or component of the equipment,
23 including repair and replacement parts. The term does not include
24 equipment in offices, lunchrooms, restrooms, and other like space,
25 within a warehouse or grain elevator, or equipment used for
26 nonwarehousing purposes. "Material-handling equipment" includes but is
27 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
28 place units, cranes, hoists, mechanical arms, and robots; mechanized
29 systems, including containers that are an integral part of the system,
30 whose purpose is to lift or move tangible personal property; and
31 automated handling, storage, and retrieval systems, including computers
32 that control them, whose purpose is to lift or move tangible personal
33 property; and forklifts and other off-the-road vehicles that are used
34 to lift or move tangible personal property and that cannot be operated
35 legally on roads and streets. "Racking equipment" includes, but is not
36 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
37 pallets, and other containers and storage devices that form a necessary
38 part of the storage system;

1 ~~((i))~~ (l) "Person" has the meaning given in RCW 82.04.030;

2 ~~((j))~~ (m) "Retailer" means a person who makes "sales at retail"

3 as defined in chapter 82.04 RCW of tangible personal property;

4 ~~((k))~~ (n) "Square footage" means the product of the two

5 horizontal dimensions of each floor of a specific warehouse. The

6 entire footprint of the warehouse shall be measured in calculating the

7 square footage, including space that juts out from the building profile

8 such as loading docks. "Square footage" does not mean the aggregate of

9 the square footage of more than one warehouse at a location or the

10 aggregate of the square footage of warehouses at more than one

11 location;

12 ~~((l))~~ (o) "Third-party warehouser" means a person taxable under

13 RCW 82.04.280(4);

14 ~~((m))~~ (p) "Warehouse" means an enclosed building or structure in

15 which finished goods are stored. A warehouse building or structure may

16 have more than one storage room and more than one floor. Office space,

17 lunchrooms, restrooms, and other space within the warehouse and

18 necessary for the operation of the warehouse are considered part of the

19 warehouse as are loading docks and other such space attached to the

20 building and used for handling of finished goods. Landscaping and

21 parking lots are not considered part of the warehouse. A storage yard

22 is not a warehouse, nor is a building in which manufacturing takes

23 place; and

24 ~~((n))~~ (q) "Wholesaler" means a person who makes "sales at

25 wholesale" as defined in chapter 82.04 RCW of tangible personal

26 property, but "wholesaler" does not include a person who makes sales

27 exempt under RCW 82.04.330.

28 (3)(a) A person claiming an exemption from state tax in the form of

29 a remittance under this section must pay the tax imposed by RCW

30 82.08.020. The buyer may then apply to the department for remittance

31 of all or part of the tax paid under RCW 82.08.020. For grain

32 elevators with bushel capacity of one million but less than two

33 million, the remittance is equal to fifty percent of the amount of tax

34 paid. For warehouses with square footage of two hundred thousand or

35 more, other than cold storage warehouses, and for grain elevators with

36 bushel capacity of two million or more, the remittance is equal to one

37 hundred percent of the amount of tax paid for qualifying construction,

38 materials, service, and labor, and fifty percent of the amount of tax

1 paid for qualifying material-handling equipment and racking equipment,
2 and labor and services rendered in respect to installing, repairing,
3 cleaning, altering, or improving the equipment. For cold storage
4 warehouses with square footage of twenty-five thousand or more, the
5 remittance is equal to one hundred percent of the amount of tax paid
6 for qualifying construction, materials, service, and labor, and one
7 hundred percent of the amount of tax paid for qualifying material-
8 handling equipment and racking equipment, and labor and services
9 rendered in respect to installing, repairing, cleaning, altering, or
10 improving the equipment. For grain exporting facilities with bushel
11 capacity in excess of three million, the remittance is equal to one
12 hundred percent of the amount of tax paid on grain exporting facility
13 equipment and grain exporting facility structures.

14 (b) The department shall determine eligibility under this section
15 based on information provided by the buyer and through audit and other
16 administrative records. The buyer shall on a quarterly basis submit an
17 information sheet, in a form and manner as required by the department
18 by rule, specifying the amount of exempted tax claimed and the
19 qualifying purchases or acquisitions for which the exemption is
20 claimed. The buyer shall retain, in adequate detail to enable the
21 department to determine whether the equipment or construction meets the
22 criteria under this section: Invoices; proof of tax paid; documents
23 describing the material-handling equipment and racking equipment and
24 grain exporting facility equipment; location and size of warehouses
25 ~~((and))~~, grain elevators, and grain exporting facilities; and
26 construction invoices and documents.

27 (c) The department shall on a quarterly basis remit exempted
28 amounts to qualifying persons who submitted applications during the
29 previous quarter.

30 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
31 facilities, material-handling equipment and racking equipment, and
32 grain exporting facility equipment for which an exemption, credit, or
33 deferral has been or is being received under chapter 82.60, 82.62, or
34 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
35 remittance under this section. ~~((Warehouses and grain elevators upon~~
36 ~~which construction was initiated before May 20, 1997, are not eligible~~
37 ~~for a remittance under this section.))~~

1 (5) The lessor or owner of a warehouse ((~~or~~)) grain elevator, or
2 grain exporting facility is not eligible for a remittance under this
3 section unless the underlying ownership of the warehouse ((~~or~~)) grain
4 elevator, or grain exporting facility, and the material-handling
5 equipment and racking equipment and grain exporting facility equipment
6 vests exclusively in the same person, or unless the lessor by written
7 contract agrees to pass the economic benefit of the remittance to the
8 lessee in the form of reduced rent payments.

9 **Sec. 3.** RCW 82.08.820 and 2006 c 354 s 12 are each amended to read
10 as follows:

11 (1) Wholesalers or third-party warehouse owners who own or operate
12 warehouses ((~~or~~)) grain elevators, or grain exporting facilities and
13 retailers who own or operate distribution centers, and who have paid
14 the tax levied by RCW 82.08.020 on:

15 (a) Material-handling and racking equipment, grain exporting
16 facility equipment, and labor and services rendered in respect to
17 installing, repairing, cleaning, altering, or improving the equipment;
18 or

19 (b) Construction of a warehouse ((~~or~~)) grain elevator, or grain
20 exporting facility, including materials, and including service and
21 labor costs,
22 are eligible for an exemption in the form of a remittance. The amount
23 of the remittance is computed under subsection (3) of this section and
24 is based on the state share of sales tax.

25 (2) For purposes of this section and RCW 82.12.820:

26 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

27 (b) "Construction" means the actual construction of a warehouse
28 ((~~or~~)) grain elevator, or grain exporting facility that did not exist
29 before the construction began. "Construction" includes expansion if
30 the expansion adds at least two hundred thousand square feet of
31 additional space to an existing warehouse or additional storage
32 capacity of at least one million bushels to an existing grain elevator
33 or grain exporting facility. "Construction" does not include
34 renovation, remodeling, or repair;

35 (c) "Department" means the department of revenue;

36 (d) "Distribution center" means a warehouse that is used

1 exclusively by a retailer solely for the storage and distribution of
2 finished goods to retail outlets of the retailer. "Distribution
3 center" does not include a warehouse at which retail sales occur;

4 (e) "Finished goods" means tangible personal property intended for
5 sale by a retailer or wholesaler. "Finished goods" does not include
6 agricultural products stored by wholesalers, third-party warehouses, or
7 retailers if the storage takes place on the land of the person who
8 produced the agricultural product. "Finished goods" does not include
9 logs, minerals, petroleum, gas, or other extracted products stored as
10 raw materials or in bulk;

11 (f) "Grain elevator" means a structure used for storage and
12 handling of grain in bulk;

13 (g) "Grain exporting facility" means one or more contiguous parcels
14 of real property with one or more grain exporting facility structures
15 constructed after January 1, 2007, with a total bushel capacity in
16 excess of three million;

17 (h) "Grain exporting facility equipment" means equipment primarily
18 used to handle, store, organize, or convey grain, oil seeds, and
19 byproducts thereof in bulk to, from, or within grain exporting facility
20 structures and includes but is not limited to: Conveyers, samplers,
21 air compressors, quality analyzing equipment, barge legs, cranes,
22 hoists, mechanical arms, and robots, mechanized systems, automated
23 handling, storage, and conveyer systems, including computers, software,
24 and other hardware that control them, forklifts and other off-the-road
25 vehicles that are used to lift or move tangible personal property and
26 that cannot be operated legally on roads and streets, worker and
27 environmental safety equipment, conditioning equipment used to maintain
28 quality, and other equipment used to receive, convey, or discharge
29 grain, oil seeds, and byproducts thereof via means of waterborne, rail,
30 highway, or intermodal transport. The term includes tangible personal
31 property with a useful life of one year or more that becomes an
32 ingredient or component of the equipment, including repair and
33 replacement parts. The term does not include equipment in offices,
34 lunchrooms, restrooms, and other like space or equipment used for
35 nongrain exporting facility equipment purposes;

36 (i) "Grain exporting facility structure" means storage silos,
37 tanks, conveyers, scale towers, bins, electrical improvements, scales,
38 foundations and supports, off-load pits, rails and railbeds, and other

1 buildings primarily used to handle, store, organize, or convey grain,
2 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
3 restrooms, maintenance buildings, and other space necessary for the
4 operation of the grain exporting facility are considered part of the
5 grain exporting facility structures as are loading docks and other such
6 space or structures attached or adjacent to the conveyers and used for
7 handling of grain, oil seeds, and byproducts thereof. A structure may
8 have more than one storage area. Landscaping and parking lots are not
9 considered part of the grain exporting facility structure. A storage
10 yard is not a grain exporting facility structure, nor is a structure in
11 which manufacturing takes place;

12 (j) "Material-handling equipment and racking equipment" means
13 equipment in a warehouse or grain elevator that is primarily used to
14 handle, store, organize, convey, package, or repackage finished goods.
15 The term includes tangible personal property with a useful life of one
16 year or more that becomes an ingredient or component of the equipment,
17 including repair and replacement parts. The term does not include
18 equipment in offices, lunchrooms, restrooms, and other like space,
19 within a warehouse or grain elevator, or equipment used for
20 nonwarehousing purposes. "Material-handling equipment" includes but is
21 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
22 place units, cranes, hoists, mechanical arms, and robots; mechanized
23 systems, including containers that are an integral part of the system,
24 whose purpose is to lift or move tangible personal property; and
25 automated handling, storage, and retrieval systems, including computers
26 that control them, whose purpose is to lift or move tangible personal
27 property; and forklifts and other off-the-road vehicles that are used
28 to lift or move tangible personal property and that cannot be operated
29 legally on roads and streets. "Racking equipment" includes, but is not
30 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
31 pallets, and other containers and storage devices that form a necessary
32 part of the storage system;

33 ((+h)) (k) "Person" has the meaning given in RCW 82.04.030;

34 ((+i)) (l) "Retailer" means a person who makes "sales at retail"
35 as defined in chapter 82.04 RCW of tangible personal property;

36 ((+j)) (m) "Square footage" means the product of the two
37 horizontal dimensions of each floor of a specific warehouse. The
38 entire footprint of the warehouse shall be measured in calculating the

1 square footage, including space that juts out from the building profile
2 such as loading docks. "Square footage" does not mean the aggregate of
3 the square footage of more than one warehouse at a location or the
4 aggregate of the square footage of warehouses at more than one
5 location;

6 ~~((k))~~ (n) "Third-party warehouse" means a person taxable under
7 RCW 82.04.280(4);

8 ~~((l))~~ (o) "Warehouse" means an enclosed building or structure in
9 which finished goods are stored. A warehouse building or structure may
10 have more than one storage room and more than one floor. Office space,
11 lunchrooms, restrooms, and other space within the warehouse and
12 necessary for the operation of the warehouse are considered part of the
13 warehouse as are loading docks and other such space attached to the
14 building and used for handling of finished goods. Landscaping and
15 parking lots are not considered part of the warehouse. A storage yard
16 is not a warehouse, nor is a building in which manufacturing takes
17 place; and

18 ~~((m))~~ (p) "Wholesaler" means a person who makes "sales at
19 wholesale" as defined in chapter 82.04 RCW of tangible personal
20 property, but "wholesaler" does not include a person who makes sales
21 exempt under RCW 82.04.330.

22 (3)(a) A person claiming an exemption from state tax in the form of
23 a remittance under this section must pay the tax imposed by RCW
24 82.08.020. The buyer may then apply to the department for remittance
25 of all or part of the tax paid under RCW 82.08.020. For grain
26 elevators with bushel capacity of one million but less than two
27 million, the remittance is equal to fifty percent of the amount of tax
28 paid. For warehouses with square footage of two hundred thousand or
29 more and for grain elevators with bushel capacity of two million or
30 more, the remittance is equal to one hundred percent of the amount of
31 tax paid for qualifying construction, materials, service, and labor,
32 and fifty percent of the amount of tax paid for qualifying material-
33 handling equipment and racking equipment, and labor and services
34 rendered in respect to installing, repairing, cleaning, altering, or
35 improving the equipment. For grain exporting facilities with bushel
36 capacity in excess of three million, the remittance is equal to one
37 hundred percent of the amount of tax paid on grain exporting facility
38 equipment and grain exporting facility structures.

1 (b) The department shall determine eligibility under this section
2 based on information provided by the buyer and through audit and other
3 administrative records. The buyer shall on a quarterly basis submit an
4 information sheet, in a form and manner as required by the department
5 by rule, specifying the amount of exempted tax claimed and the
6 qualifying purchases or acquisitions for which the exemption is
7 claimed. The buyer shall retain, in adequate detail to enable the
8 department to determine whether the equipment or construction meets the
9 criteria under this section: Invoices; proof of tax paid; documents
10 describing the material-handling equipment and racking equipment and
11 grain exporting facility equipment; location and size of warehouses
12 ~~((and))~~, grain elevators, and grain exporting facilities; and
13 construction invoices and documents.

14 (c) The department shall on a quarterly basis remit exempted
15 amounts to qualifying persons who submitted applications during the
16 previous quarter.

17 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
18 facilities, material-handling equipment and racking equipment, and
19 grain exporting facility equipment for which an exemption, credit, or
20 deferral has been or is being received under chapter 82.60, 82.62, or
21 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
22 remittance under this section. ~~((Warehouses and grain elevators upon
23 which construction was initiated before May 20, 1997, are not eligible
24 for a remittance under this section.))~~

25 (5) The lessor or owner of a warehouse ~~((or))~~, grain elevator, or
26 grain exporting facility is not eligible for a remittance under this
27 section unless the underlying ownership of the warehouse ~~((or))~~, grain
28 elevator, or grain exporting facility and the material-handling
29 equipment and racking equipment and grain exporting facility equipment
30 vests exclusively in the same person, or unless the lessor by written
31 contract agrees to pass the economic benefit of the remittance to the
32 lessee in the form of reduced rent payments.

33 **Sec. 4.** RCW 82.12.820 and 2003 c 5 s 13 are each amended to read
34 as follows:

35 (1) Wholesalers or third-party warehouse owners who own or operate
36 warehouses ~~((or))~~, grain elevators, or grain exporting facilities and

1 retailers who own or operate distribution centers, and who have paid
2 the tax levied under RCW 82.12.020 on:

3 (a) Material-handling equipment and racking equipment, grain
4 exporting facility equipment, and labor and services rendered in
5 respect to installing, repairing, cleaning, altering, or improving the
6 equipment; or

7 (b) Materials incorporated in the construction of a warehouse
8 (~~(or)~~), grain elevator, or grain exporting facility are eligible for an
9 exemption on tax paid in the form of a remittance or credit against tax
10 owed. The amount of the remittance or credit is computed under
11 subsection (2) of this section and is based on the state share of use
12 tax.

13 (2)(a) A person claiming an exemption from state tax in the form of
14 a remittance under this section must pay the tax imposed by RCW
15 82.12.020 to the department. The person may then apply to the
16 department for remittance of all or part of the tax paid under RCW
17 82.12.020. For grain elevators with bushel capacity of one million but
18 less than two million, the remittance is equal to fifty percent of the
19 amount of tax paid. For warehouses with square footage of two hundred
20 thousand and for grain elevators with bushel capacity of two million or
21 more, the remittance is equal to one hundred percent of the amount of
22 tax paid for qualifying construction materials, and fifty percent of
23 the amount of tax paid for qualifying material-handling equipment and
24 racking equipment. For grain exporting facilities with bushel capacity
25 in excess of three million, the remittance is equal to one hundred
26 percent of the amount of tax paid on grain exporting facility equipment
27 and grain exporting facility structures.

28 (b) The department shall determine eligibility under this section
29 based on information provided by the buyer and through audit and other
30 administrative records. The buyer shall on a quarterly basis submit an
31 information sheet, in a form and manner as required by the department
32 by rule, specifying the amount of exempted tax claimed and the
33 qualifying purchases or acquisitions for which the exemption is
34 claimed. The buyer shall retain, in adequate detail to enable the
35 department to determine whether the equipment or construction meets the
36 criteria under this section: Invoices; proof of tax paid; documents
37 describing the material-handling equipment and racking equipment and

1 grain exporting facility equipment; location and size of warehouses, if
2 applicable; and construction invoices and documents.

3 (c) The department shall on a quarterly basis remit or credit
4 exempted amounts to qualifying persons who submitted applications
5 during the previous quarter.

6 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
7 material-handling equipment and racking equipment, and grain exporting
8 facility equipment for which an exemption, credit, or deferral has been
9 or is being received under chapter 82.60, ~~((82.61,))~~ 82.62, or 82.63
10 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
11 remittance under this section. ~~((Materials incorporated in warehouses~~
12 ~~and grain elevators upon which construction was initiated prior to May~~
13 ~~20, 1997, are not eligible for a remittance under this section.))~~

14 (4) The lessor or owner of the warehouse ~~((or))~~, grain elevator, or
15 grain exporting facility is not eligible for a remittance or credit
16 under this section unless the underlying ownership of the warehouse
17 ~~((or))~~, grain elevator, or grain exporting facility and material-
18 handling equipment and racking equipment and grain exporting facility
19 equipment vests exclusively in the same person, or unless the lessor by
20 written contract agrees to pass the economic benefit of the exemption
21 to the lessee in the form of reduced rent payments.

22 (5) The definitions in RCW 82.08.820 apply to this section.

23 **Sec. 5.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read
24 as follows:

25 (1) Wholesalers or third-party warehouse owners who own or operate
26 warehouses ~~((or))~~, grain elevators, or grain exporting facilities, and
27 retailers who own or operate distribution centers, and who have paid
28 the tax levied under RCW 82.12.020 on:

29 (a) Material-handling equipment and racking equipment, grain
30 exporting facility equipment, and labor and services rendered in
31 respect to installing, repairing, cleaning, altering, or improving the
32 equipment; or

33 (b) Materials incorporated in the construction of a warehouse
34 ~~((or))~~, grain elevator, or grain exporting facility are eligible for an
35 exemption on tax paid in the form of a remittance or credit against tax
36 owed. The amount of the remittance or credit is computed under

1 subsection (2) of this section and is based on the state share of use
2 tax.

3 (2)(a) A person claiming an exemption from state tax in the form of
4 a remittance under this section must pay the tax imposed by RCW
5 82.12.020 to the department. The person may then apply to the
6 department for remittance of all or part of the tax paid under RCW
7 82.12.020. For grain elevators with bushel capacity of one million but
8 less than two million, the remittance is equal to fifty percent of the
9 amount of tax paid. For warehouses with square footage of two hundred
10 thousand or more, other than cold storage warehouses, and for grain
11 elevators with bushel capacity of two million or more, the remittance
12 is equal to one hundred percent of the amount of tax paid for
13 qualifying construction materials, and fifty percent of the amount of
14 tax paid for qualifying material-handling equipment and racking
15 equipment. For cold storage warehouses with square footage of twenty-
16 five thousand or more, the remittance is equal to one hundred percent
17 of the amount of tax paid for qualifying construction, materials,
18 service, and labor, and one hundred percent of the amount of tax paid
19 for qualifying material-handling equipment and racking equipment, and
20 labor and services rendered in respect to installing, repairing,
21 cleaning, altering, or improving the equipment. For grain exporting
22 facilities with bushel capacity in excess of three million, the
23 remittance is equal to one hundred percent of the amount of tax paid on
24 grain exporting facility equipment and grain exporting facility
25 structures.

26 (b) The department shall determine eligibility under this section
27 based on information provided by the buyer and through audit and other
28 administrative records. The buyer shall on a quarterly basis submit an
29 information sheet, in a form and manner as required by the department
30 by rule, specifying the amount of exempted tax claimed and the
31 qualifying purchases or acquisitions for which the exemption is
32 claimed. The buyer shall retain, in adequate detail to enable the
33 department to determine whether the equipment or construction meets the
34 criteria under this section: Invoices; proof of tax paid; documents
35 describing the material-handling equipment and racking equipment and
36 grain exporting facility equipment; location and size of warehouses, if
37 applicable; and construction invoices and documents.

1 (c) The department shall on a quarterly basis remit or credit
2 exempted amounts to qualifying persons who submitted applications
3 during the previous quarter.

4 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
5 material-handling equipment and racking equipment, and grain exporting
6 facility equipment for which an exemption, credit, or deferral has been
7 or is being received under chapter 82.60, ~~((82.61,))~~ 82.62, or 82.63
8 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
9 remittance under this section. ~~((Materials incorporated in warehouses
10 and grain elevators upon which construction was initiated prior to May
11 20, 1997, are not eligible for a remittance under this section.))~~

12 (4) The lessor or owner of the warehouse ~~((or))~~, grain elevator, or
13 grain exporting facility is not eligible for a remittance or credit
14 under this section unless the underlying ownership of the warehouse
15 ~~((or))~~, grain elevator, or grain exporting facility and material-
16 handling equipment and racking equipment and grain exporting facility
17 equipment vests exclusively in the same person, or unless the lessor by
18 written contract agrees to pass the economic benefit of the exemption
19 to the lessee in the form of reduced rent payments.

20 (5) The definitions in RCW 82.08.820 apply to this section.

21 **Sec. 6.** RCW 82.12.820 and 2006 c 354 s 13 are each amended to read
22 as follows:

23 (1) Wholesalers or third-party warehouse owners who own or operate
24 warehouses ~~((or))~~, grain elevators, or grain exporting facilities, and
25 retailers who own or operate distribution centers, and who have paid
26 the tax levied under RCW 82.12.020 on:

27 (a) Material-handling equipment and racking equipment, grain
28 exporting facility equipment, and labor and services rendered in
29 respect to installing, repairing, cleaning, altering, or improving the
30 equipment; or

31 (b) Materials incorporated in the construction of a warehouse
32 ~~((or))~~, grain elevator, or grain exporting facility are eligible for an
33 exemption on tax paid in the form of a remittance or credit against tax
34 owed. The amount of the remittance or credit is computed under
35 subsection (2) of this section and is based on the state share of use
36 tax.

1 (2)(a) A person claiming an exemption from state tax in the form of
2 a remittance under this section must pay the tax imposed by RCW
3 82.12.020 to the department. The person may then apply to the
4 department for remittance of all or part of the tax paid under RCW
5 82.12.020. For grain elevators with bushel capacity of one million but
6 less than two million, the remittance is equal to fifty percent of the
7 amount of tax paid. For warehouses with square footage of two hundred
8 thousand or more and for grain elevators with bushel capacity of two
9 million or more, the remittance is equal to one hundred percent of the
10 amount of tax paid for qualifying construction materials, and fifty
11 percent of the amount of tax paid for qualifying material-handling
12 equipment and racking equipment. For grain exporting facilities with
13 bushel capacity in excess of three million, the remittance is equal to
14 one hundred percent of the amount of tax paid on grain exporting
15 facility equipment and grain exporting facility structures.

16 (b) The department shall determine eligibility under this section
17 based on information provided by the buyer and through audit and other
18 administrative records. The buyer shall on a quarterly basis submit an
19 information sheet, in a form and manner as required by the department
20 by rule, specifying the amount of exempted tax claimed and the
21 qualifying purchases or acquisitions for which the exemption is
22 claimed. The buyer shall retain, in adequate detail to enable the
23 department to determine whether the equipment or construction meets the
24 criteria under this section: Invoices; proof of tax paid; documents
25 describing the material-handling equipment and racking equipment and
26 grain exporting facility equipment; location and size of warehouses, if
27 applicable; and construction invoices and documents.

28 (c) The department shall on a quarterly basis remit or credit
29 exempted amounts to qualifying persons who submitted applications
30 during the previous quarter.

31 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
32 material-handling equipment and racking equipment, and grain exporting
33 facility equipment for which an exemption, credit, or deferral has been
34 or is being received under chapter 82.60, 82.62, or 82.63 RCW or RCW
35 82.08.02565 or 82.12.02565 are not eligible for any remittance under
36 this section. ~~((Materials incorporated in warehouses and grain~~
37 ~~elevators upon which construction was initiated prior to May 20, 1997,~~
38 ~~are not eligible for a remittance under this section.))~~

1 (4) The lessor or owner of the warehouse (~~(or)~~), grain elevator, or
2 grain exporting facility is not eligible for a remittance or credit
3 under this section unless the underlying ownership of the warehouse
4 (~~(or)~~), grain elevator, or grain exporting facility and material-
5 handling equipment and racking equipment and grain exporting facility
6 equipment vests exclusively in the same person, or unless the lessor by
7 written contract agrees to pass the economic benefit of the exemption
8 to the lessee in the form of reduced rent payments.

9 (5) The definitions in RCW 82.08.820 apply to this section.

10 NEW SECTION. **Sec. 7.** Sections 1 and 4 of this act are necessary
11 for the immediate preservation of the public peace, health, or safety,
12 or support of the state government and its existing public
13 institutions, and take effect immediately.

14 NEW SECTION. **Sec. 8.** Sections 2 and 5 of this act are necessary
15 for the immediate preservation of the public peace, health, or safety,
16 or support of the state government and its existing public
17 institutions, and take effect July 1, 2007.

18 NEW SECTION. **Sec. 9.** Sections 3 and 6 of this act take effect
19 July 1, 2012.

20 NEW SECTION. **Sec. 10.** Sections 1 and 4 of this act expire July 1,
21 2007.

22 NEW SECTION. **Sec. 11.** Sections 2 and 5 of this act expire July 1,
23 2012.

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